

**BOROUGH OF DUMONT**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2011**



## BOROUGH OF DUMONT

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**BOROUGH OF DUMONT**

**BERGEN COUNTY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2011**





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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Dumont  
Dumont, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Dumont as of December 31, 2011 and 2010 and the related statements of operations and changes in fund balance - regulatory basis for the year then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2011. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraphs of this report, we conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Dumont's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.


As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrates compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. In addition, the financial statements of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 55 percent and 61 percent of the assets and liabilities respectively, of the Borough's Trust Funds as of December 31, 2011 and 2010.


In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Dumont as of December 31, 2011 and 2010 or the results of its operations for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited, the financial statements - regulatory basis referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Dumont as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 13, 2012 on our consideration of the Borough of Dumont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Dumont as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Dumont. The supplementary schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
July 13, 2012

**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2011 AND 2010**

<b>ASSETS</b>	<b><u>Reference</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Cash and Investments	A-4	\$ 3,515,013	\$ 2,810,099
Change Fund	A-6	250	250
Grants Receivable	A-15	53,164	53,164
Due From State - Senior Citizens & Veterans Deductions	A-7	<u>9,059</u>	<u>9,309</u>
		<u>3,577,486</u>	<u>2,872,822</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	528,428	575,458
Tax Title Lien	A-9	3,663	3,022
Property Acquired for Taxes	A-10	79,526	79,526
Other Accounts Receivable	A-11		2,007
Revenue Accounts Receivable	A-12	20,658	26,680
Due from Other Trust Fund	B-2	9,610	9,629
Due from Animal Control Fund	B-5	6,172	4,761
Due from General Capital Fund	C-8		1,337
Due from Public Assistance Trust Fund	D-5	<u>1</u>	<u>1</u>
		<u>648,058</u>	<u>702,421</u>
Deferred Charges			
Emergency Authorizations	A-14	103,688	-
Special Emergency Authorizations	A-13	<u>250,000</u>	<u>14,000</u>
		<u>353,688</u>	<u>14,000</u>
Total Assets		<u>\$ 4,579,232</u>	<u>\$ 3,589,243</u>

**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2011 AND 2010**  
**(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<b><u>Reference</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Liabilities			
Appropriation Reserves	A-3,A-16	\$ 604,632	\$ 486,033
Encumbrances Payable	A-17	867,793	425,119
Special Emergency Note Payable	A-19	250,000	
Accounts Payable	A-18		9,718
Other Liabilities	A-21		2,979
Due to General Capital Fund	C-8	9,194	
Miscellaneous Reserves	A-20	211,434	322,112
Prepaid Taxes	A-22	176,579	124,885
Tax Overpayments	A-23	250	21,859
County Taxes Payable	A-25	2,015	7,424
School Taxes Payable	A-24	10	10
Appropriated Reserves for Grants	A-26	150,167	134,110
Unappropriated Reserves for Grants	A-27	<u>42,930</u>	<u>29,982</u>
		2,315,004	1,564,231
Reserve for Receivables and Other Assets	A	648,058	702,421
Fund Balance	A-1	<u>1,616,170</u>	<u>1,322,591</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,579,232</u>	<u>\$ 3,589,243</u>

**BOROUGH OF DUMONT**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 816,000	\$ 805,000
Miscellaneous Revenues Anticipated	A-2	2,900,478	2,523,454
Receipts from Delinquent Taxes	A-2	575,450	572,735
Receipts from Current Taxes	A-2	52,438,395	50,908,783
Non-Budget Revenues	A-2	248,897	199,255
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-16	298,462	176,547
Statutory Excess - Animal Control Fund	B-5	6,172	4,761
Cancellation of Prior Years Receivable	A-11	2,007	
Cancellation of Accounts/Other Payable	A-18,A-21	<u>3,129</u>	<u>6,900</u>
Total Revenues		<u>57,288,990</u>	<u>55,197,435</u>
<b>EXPENDITURES</b>			
Municipal Budget	A-3	19,160,709	17,953,123
County Taxes	A-25	4,428,025	4,441,522
Local District School Taxes	A-24	32,926,525	31,899,943
Additional Interfund Advance	A	54	640
Refund of Prior Year Revenues	A-4	8,679	27,287
Adjustment to Tax Sale Premium	A-20	7,100	
Adjustment to Reserve for Receivables	A-11	<u>2,007</u>	<u>-</u>
Total Expenditures		<u>56,533,099</u>	<u>54,322,515</u>
Excess in Revenues		755,891	874,920
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-13,A-14	<u>353,688</u>	<u>-</u>
Statutory Excess to Fund Balance		1,109,579	874,920
Fund Balance, January 1	A	<u>1,322,591</u>	<u>1,252,671</u>
		2,432,170	2,127,591
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>816,000</u>	<u>805,000</u>
Fund Balance, December 31	A	<u>\$ 1,616,170</u>	<u>\$ 1,322,591</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Reference</u>	<u>Budget</u>	<u>Anticipated</u> Special N.J.S. <u>40A:4-87</u>	<u>Realized</u> <u>in 2011</u>	<u>Excess or</u> <u>(Deficit)</u>
Fund Balance Utilized	A-1	\$ 816,000	-	\$ 816,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	10,000		12,973	\$ 2,973
Other	A-2,A-12	4,000		6,719	2,719
Fees and Permits					
Construction Code Official	A-12	150,000		137,363	(12,637)
Recreation Fees	A-12	55,000		52,829	(2,171)
Other	A-2, A-12	50,000		38,323	(11,677)
Fines and Costs - Municipal Court	A-12	155,000		191,326	36,326
Interest on Costs on Taxes	A-12	80,000		99,723	19,723
Interest on Investments and Deposits	A-2,A-12	14,000		13,353	(647)
Fire Inspections - Additional	A-12	15,000		22,381	7,381
Consolidated Municipal Property Tax Relief Aid	A-12	173,690		173,690	
Energy Receipts Tax	A-12	1,181,562		1,181,562	
Clean Community Grant	A-27	25,422		25,422	
Police Body Armor	A-27	4,560		4,560	
Reserve for Sale of Assets	A-20	17,029		17,029	
Reserve for Revaluation	A-20	15,000		15,000	
Reserve for Debt Payment	C-10	21,718		21,718	
Reserve for FEMA Reimbursement	A-20	102,784		102,784	
FEMA Reimbursement	A-12	61,277		44,459	(16,818)
General Capital Fund Balance	C-1	25,000		25,000	
Monopole Rental - DPW Building	A-12	14,930		33,076	18,146
Monopole - Lease Assignment	A-12	314,000		314,010	10
Life Hazard Use Fees	A-12	10,000		11,213	1,213
Sale of Recyclables	A-12	42,000		114,470	72,470
PILOT - Senior Citizen Club	A-12	31,000		30,168	(832)
Cable Television Franchise Fees	A-12	189,000	-	211,327	22,327
Total Miscellaneous Revenues		2,761,972	-	2,900,478	138,506
Receipts from Delinquent Taxes	A-8	550,000	-	575,450	25,450
Amount to be Raised by Taxes for Support of					
Municipal Budget	A-2	15,049,334	-	15,433,585	384,251
Free Public Library		710,260	-	710,260	-
		15,759,594	-	16,143,845	384,251
Total General Revenues	A-3	\$ 19,887,566	\$ -	20,435,773	\$ 548,207
Non-Budget Revenues	A-2			248,897	
				<u>\$ 20,684,670</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(Continued)**

	<u>Reference</u>	
Analysis of Realized Revenues		
Allocation of Current Tax Collections		
Revenues from Collections	A-1,A-8	\$ 52,438,395
Less: Allocation to School and County Taxes	A-24,A-25	<u>37,354,550</u>
		15,083,845
Balance for Support of Municipal Budget Appropriation		
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>1,060,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 16,143,845</u>
Licenses-Other		
Borough Clerk	A-12	\$ 6,548
Board of Health	A-12	<u>171</u>
	A-2	<u>\$ 6,719</u>
Fees and Permits-Other		
Borough Clerk	A-12	\$ 6,381
Police	A-12	1,905
Planning and Zoning	A-12	560
Fire Prevention	A-12	11,925
Board of Health	A-12	<u>17,552</u>
	A-2	<u>\$ 38,323</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 12,001
Due from General Capital Fund	C-8	1,036
Due from Animal Control Fund	B-5	42
Due from Other Trust Fund	B-2	262
Due from Public Assistance Trust Fund	D-5	<u>12</u>
	A-2	<u>\$ 13,353</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(Continued)**

Analysis of Non-Budget Revenue	
Pilot Swim Club	\$ 10,328
FEMA Reimbursement	23,465
Miscellaneous	7,735
Sale of Property	25,000
Admin Fee - Srs. And Veterans	4,117
Division of Motor Vehicles	2,240
Insurance Reimbursement	11,075
Metro PCS Monopole Rental	36,416
LOSAP Reimbursements	18,326
6% Penalty	8,414
Pension Reimbursement from Library	43,296
Stale Dated Checks	13,104
Other Reimbursements	22,093
Insurance Fund Dividend	10,610
DPW Labor Charges	4,307
Workers Comp - Library 2010	8,371
	<hr/>
	\$ 248,897



**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 302,224	\$ 306,564	\$ 306,564		
Other Expenses	84,194	79,854	67,437	\$ 12,417	
Postage	17,000	17,000	17,000		
Ethics Board					
Salaries and Wages	540	540	360	180	
Other Expenses	2,565	2,565	2,484	81	
Elections					
Other Expenses	15,055	15,055	13,769	1,286	
Financial Administration					
Salaries and Wages	139,758	139,758	139,758		
Other Expenses	104,550	128,834	81,952	46,882	
Assessment of Taxes					
Salaries and Wages	23,481	19,863	19,863		
Other Expenses	4,132	7,752	5,956	1,796	
Reassessment of Real Property		250,000	250,000		
Collection of Taxes					
Salaries and Wages	71,735	71,204	71,204		
Other Expenses	15,000	15,000	13,981	1,019	
Legal Services and Costs					
Borough Attorney - Other Expenses	61,250	61,250	58,791	2,459	
Other Expenses	44,400	44,400	44,400		
Engineering					
Other Expenses	75,000	69,909	44,218	25,691	
Planning Board/Zoning Board					
Salaries and Wages	2,000	2,000	2,000		
Other Expenses	11,000	14,000	5,947	8,053	
Insurance					
Unemployment Insurance	27,000	27,000	27,000		
General Liability	321,628	321,628	321,585	43	
Workers Compensation	279,762	279,762	279,762		
Employee Group Health	1,505,412	1,505,412	1,505,412		
Health Benefit Waiver	1,700	1,700	1,187	513	
Rent Leveling Board					
Salaries and Wages	540	360	270	90	
Other Expenses	2,850	4,050	3,177	873	
PUBLIC SAFETY FUNCTIONS					
Fire Department					
Other Expenses	100,000	100,000	86,638	13,362	
Life Hazard Use Fees					
Salaries and Wages	28,500	21,500	19,765	1,735	
Other Expenses	6,460	6,460	6,436	24	
Aid to Volunteer Fire Companies	36,100	36,100	36,100		
Rental of Fire Houses	28,000	28,000	28,000		
Fire Hydrant Services	171,023	171,523	171,523		

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>PUBLIC SAFETY FUNCTIONS (Continued)</b>					
Police Department					
Salaries and Wages	\$ 4,673,052	\$ 4,653,052	\$ 4,580,973	\$ 72,079	
Other Expenses	126,000	146,000	125,131	20,869	
Police Reserve - Other Expenses	2,423	2,423	2,412	11	
Emergency Management	4,275	4,275	3,485	790	
Volunteer Ambulance Corp.					
Other Expenses	26,000	26,000	26,000		
Municipal Prosecutor					
Salaries and Wages	7,788	7,788	7,788		
Other Expenses	475				
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance					
Salaries and Wages	1,688,041	1,688,041	1,672,138	15,903	
Other Expenses	200,000	210,000	183,395	26,605	
Recycling					
Salaries and Wages	3,910	3,910	3,778	132	
Garbage and Trash Removal					
Other Expenses	1,314,516	1,242,183	1,127,859	114,324	
Sewer System					
Other Expenses	6,000	8,000	1,097	6,903	
Emergency Sewer Repairs		26,963	26,963		
Public Building and Grounds					
Salaries and Wages	99,365	101,365	100,720	645	
Other Expenses	42,666	42,666	37,020	5,646	
Shade Tree					
Other Expenses	40,000	40,000	37,752	2,248	
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>					
Board of Health					
Salaries and Wages	13,355	13,355	13,354	1	
Other Expenses	91,800	91,800	91,718	82	
Other Expenses-Contractual (Animal Shelter)	29,000	29,000	27,305	1,695	
Hepatitis Program	1,500				
Environmental Commission					
Other Expenses	950	950		950	
Administration of Public Assistance					
Salaries and Wages	5,824	5,024	4,885	139	
Other Expenses	1,068	368	15	353	
Aid to Community Center for Mental Health	8,000	8,000	8,000		
<b>PARKS AND RECREATION FUNCTIONS</b>					
Senior Citizens					
Salaries and Wages	65,689	65,689	63,796	1,893	
Other Expenses	17,953	17,953	14,789	3,164	
Parks and Playgrounds					
Salaries and Wages	118,771	122,679	122,679		
Other Expenses	54,671	54,671	54,645	26	
The Accompanying Notes are an Integral Part of these Financial Statements					

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Events					
Other Expenses	\$ 27,000	\$ 27,000	\$ 24,551	\$ 2,449	
<b>MUNICIPAL COURT</b>					
Salaries and Wages	123,706	127,706	127,691	15	
Other Expenses	7,647	8,647	8,571	76	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	4,867	4,867	4,867		
Hurricane Irene Expenses		47,725	47,725		
<b>UNIFORM CONSTRUCTION CODE</b>					
<b>APPROPRIATIONS OFFSET BY DEDICATED</b>					
<b>REVENUES (N.J.A.C. 5:23-4-17)</b>					
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Salaries and Wages	170,393	174,393	174,345	48	
Other Expenses	15,603	15,603	15,603		
<b>UNCLASSIFIED</b>					
Utilities					
Gasoline	150,000	199,500	181,950	17,550	
Electricity	173,600	173,600	146,438	27,162	
Telephone	59,160	59,160	54,904	4,256	
Street Lighting	198,900	180,900	157,906	22,994	
Water	14,280	14,280	13,495	785	-
Total Operations Within "CAPS"	13,071,107	13,394,579	12,928,282	466,297	-
<b>Detail:</b>					
Salaries and Wages	7,543,539	7,529,658	7,436,798	92,860	-
Other Expenses	5,527,568	5,864,921	5,491,484	373,437	-
<b>DEFERRED CHARGES AND REGULATORY</b>					
<b>EXPENDITURES-MUNICIPAL-WITHIN "CAPS"</b>					
Contribution to:					
Social Security System (O.A.S.I.)	326,400	326,400	323,670	2,730	
Public Employees' Retirement System	354,444	354,444	354,444		
Police and Firemen's Retirement Fund of NJ	876,940	876,940	876,940	-	-
Total Deferred Charges and Statutory					
Expenditures - Within "CAPS"	1,557,784	1,557,784	1,555,054	2,730	-
Total General Appropriations for					
Municipal Purposes within "CAPS"	14,628,891	14,952,363	14,483,336	469,027	-

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		
	<u>2011 Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
			<u>Charged</u>		
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority-Contractual	\$ 1,608,393	\$ 1,608,393	\$ 1,608,393		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	710,260	710,260	710,260		
GENERAL GOVERNMENT FUNCTIONS					
Reserve for Tax Appeals	32,000	32,000	32,000		
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	65,000	65,000		\$ 65,000	
INSURANCE					
Employee Group Health	<u>95,340</u>	<u>95,340</u>	<u>50,928</u>	<u>44,412</u>	<u>-</u>
Total Other Operations - Excluded from "CAPS"	<u>2,510,993</u>	<u>2,510,993</u>	<u>2,401,581</u>	<u>109,412</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Clean Communities Grant					
State Share	25,442	25,442	3,809	21,633	
Police Body Armor					
Other Expenses	<u>4,560</u>	<u>4,560</u>	<u>-</u>	<u>4,560</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>30,002</u>	<u>30,002</u>	<u>3,809</u>	<u>26,193</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,540,995</u>	<u>2,540,995</u>	<u>2,405,390</u>	<u>135,605</u>	<u>-</u>
Detail:					
Salaries and Wages	-	-	-	-	
Other Expenses	<u>2,540,995</u>	<u>2,540,995</u>	<u>2,405,390</u>	<u>135,605</u>	<u>-</u>
CAPITAL IMPROVEMENTS -					
EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>80,000</u>	<u>110,216</u>	<u>110,216</u>	<u>-</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>80,000</u>	<u>110,216</u>	<u>110,216</u>	<u>-</u>	<u>-</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 615,000	\$ 615,000	\$ 615,000		
Payment of Bond Anticipation Note Principal	7,895	7,895	7,895		
Interest on Bonds	389,776	389,776	389,775		\$ 1
Interest on Notes	13,884	13,884	13,884		
Green Trust					
Loan Repayments for Principal and Interest	3,514	3,514	3,513		1
Loan Repayments for Principal and Interest - Multi-Parks	12,437	12,437	12,437		
Bergen County Improvement Authority -					
Loan Repayment	69,296	69,296	69,296		
NJEIT Loan Principal	286,782	286,782	286,781		1
NJEIT Loan Interest	110,418	110,418	89,876	-	20,542
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,509,002</u>	<u>1,509,002</u>	<u>1,488,457</u>	<u>-</u>	<u>20,545</u>
DEFERRED CHARGES					
Emergency Authorizations					
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	14,000	14,000	14,000		
Deferred Charges to Future Taxation Unfunded					
Ordinance No. 1192	500	500	500		
Ordinance No. 1205	25,944	25,944	25,944		
Ordinance No. 1244	13,893	13,893	13,893		
Ordinance No. 1260	1,690	1,690	1,690		
Ordinance No. 1268	12,651	12,651	12,651	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>68,678</u>	<u>68,678</u>	<u>68,678</u>	<u>-</u>	<u>-</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

		<u>Appropriated</u>	<u>Expended</u>		
		<u>2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u> <u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>\$ 4,198,675</u>	<u>\$ 4,228,891</u>	<u>\$ 4,072,741</u>	<u>\$ 135,605</u> <u>\$ 20,545</u>
Subtotal General Appropriations		18,827,566	19,181,254	18,556,077	604,632   20,545
RESERVE FOR UNCOLLECTED TAXES		<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>-</u> <u>-</u>
Total General Appropriations		<u>\$ 19,887,566</u>	<u>\$ 20,241,254</u>	<u>\$ 19,616,077</u>	<u>\$ 604,632</u> <u>\$ 20,545</u>
	<u>Reference</u>	A-2			A
Adopted Budget	A-2		\$ 19,887,566		
Emergency Appropriation	A-13		250,000		
Special Emergency Appropriations	A-14		<u>103,688</u>		
			<u>\$ 20,241,254</u>		
Cash Disbursements (net)	A-4			\$ 17,442,495	
Encumbrances Payable	A-17			867,793	
Due to Unemployment Trust Fund	B-7			27,000	
Due to General Capital Fund	C-8			172,789	
Special Emergency Authorizations	A-13			14,000	
Reserve for Tax Appeals	A-20			32,000	
Reserve for Uncollected Taxes	A-2			<u>1,060,000</u>	
				<u>\$ 19,616,077</u>	

**BOROUGH OF DUMONT  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>			
Animal Control Fund	B-1	\$ 16,321	\$ 16,079
Cash			
Other Trust Fund	B-1	527,069	408,785
Cash			
Unemployment Insurance Trust Fund	B-1	36,505	37,312
Cash	B-11	639	740
Due from Payroll Service Provider			
		37,144	38,052
Length of Service Awards Program Fund (Unaudited)			
Investment	B	670,286	660,655
Contribution Receivable	B	51,000	53,800
		721,286	714,455
Total Assets		\$ 1,301,820	\$ 1,177,371

**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
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**LIABILITIES, RESERVES AND FUND BALANCE**

Animal Control Fund			
Due to State of New Jersey	B-4	\$ 146	\$ 146
Due to Current Fund	B-5	6,172	4,761
Reserve for Animal Control Expenditures	B-3	<u>10,003</u>	<u>11,172</u>
		<u>16,321</u>	<u>16,079</u>
Other Trust Fund			
Reserve for Developers Escrow	B-6	63,665	74,582
Miscellaneous Reserves	B-8	372,666	256,956
Payroll Deductions Payable	B-9	81,128	67,618
Due to Current Fund	B-2	<u>9,610</u>	<u>9,629</u>
		<u>527,069</u>	<u>408,785</u>
Unemployment Insurance Trust Fund			
Due to State of New Jersey	B-10		9,441
Reserve for Unemployment Insurance Expenditures	B-7	<u>37,144</u>	<u>28,611</u>
		<u>37,144</u>	<u>38,052</u>
Length of Service Awards Program Fund (Unaudited)			
Reserve for Length of Service Award Program	B	<u>721,286</u>	<u>714,455</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,301,820</u>	<u>\$ 1,177,371</u>



**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 516,613	\$ 1,270,004
Grants Receivable	C-6	293,175	293,175
Environmental Infrastructure Trust Loans Receivable	C-7	3,815,000	3,815,000
Deferred Charges to Future Taxation			
Funded	C-4	18,890,743	19,827,826
Unfunded	C-5	4,904,847	2,800,148
Cancelled Receivables	C-9	133,259	185,747
Due from Current Fund	C-8	9,194	-
		<u>\$ 28,562,831</u>	<u>\$ 28,191,900</u>
Total Assets			
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes	C-13	\$ 2,100,000	\$ 910,000
General Serial Bonds	C-11	11,323,000	11,938,000
Pension Obligation Lease Payable	C-12	884,000	907,000
Green Trust Fund Loan Payable	C-16	174,049	186,351
Environmental Infrastructure Trust Loan Payable	C-17	6,509,694	6,796,475
Improvement Authorizations			
Funded	C-14	835,444	4,189,531
Unfunded	C-14	1,856,044	1,624,359
Contracts Payable	C-15	4,794,491	1,506,734
Due to Current Fund	C-8		1,337
Reserve for Payment of Debt	C-10		21,718
Fund Balance	C-1	86,109	110,395
		<u>\$ 28,562,831</u>	<u>\$ 28,191,900</u>
Total Liabilities, Reserves and Fund Balance			

There were bonds and notes authorized but not issued of \$2,812,742 and \$1,890,148 at December 31, 2011 and 2010, respectively (Exhibit C-19).

**BOROUGH OF DUMONT**  
**COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$ 110,395	\$ 102,983
Increased by:			
Improvement Authorizations Cancelled	C-1		6,464
Premium on Bond Anticipation Notes	C-8	<u>714</u>	<u>948</u>
		111,109	110,395
Decreased by:			
Anticipated as Revenue in Current Fund Budget	A-2	<u>25,000</u>	<u>-</u>
Balance, December 31	C	<u>\$ 86,109</u>	<u>\$ 110,395</u>

**BOROUGH OF DUMONT  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>			
Cash - PATF I	D-1	\$ <u>9,508</u>	\$ <u>7,731</u>
		\$ <u>9,508</u>	\$ <u>7,731</u>
<b>LIABILITIES</b>			
Due to Current Fund	D-5	\$ <u>1</u>	\$ <u>1</u>
Reserve for Goodwill	D-2	<u>9,507</u>	<u>7,730</u>
		\$ <u>9,508</u>	\$ <u>7,731</u>

**BOROUGH OF DUMONT  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
AS OF DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Land and Land Improvements	\$ 3,093,893	\$ 3,093,893
Buildings and Building Improvements	4,492,912	4,179,516
Vehicles and Equipment	<u>6,896,659</u>	<u>6,277,706</u>
	<u>\$ 14,483,464</u>	<u>\$ 13,551,115</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 14,483,464</u>	<u>\$ 13,551,115</u>

## **NOTES TO FINANCIAL STATEMENTS**



**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Borough of Dumont have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**A. Reporting Entity**

The Borough of Dumont (the "Borough") was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

The Borough of Dumont follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:



**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Property Tax Revenues** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Grant and Similar Award Revenues** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Budgets and Budgetary Accounting (Continued)**

The Borough is not required to adopt budgets for the following funds:

Trust Funds  
General Capital Fund  
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011 and 2010 the Borough Council increased the original budget by \$353,688 and \$3,619. The increases were funded by additional aid allotted to the Borough and emergency appropriations authorized by the Borough Council. In addition, the governing body approved several budget transfers during 2011 and 2010.

**Expenditures** – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

**Appropriation Reserves** – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Property Acquired for Taxes** – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

**Inventories** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**Cash and Investments** - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

**Tax Appeals and Other Contingent Losses** - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Dumont has developed a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

Fixed Assets purchased after December 31, 2008 are stated as cost.

Fixed Assets purchased prior to December 31, 2008 are stated as follows:

Land	Estimated Historical Cost
Buildings	Assessed Value and/or Cost
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**General Fixed Assets (Continued)**

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available.

**Use of Estimates** - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**Reclassifications** - Certain reclassifications have been made to the December 31, 2010 balances to conform to the December 31, 2011 presentation.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**C. Basic Financial Statements**

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**NOTE 2 DEPOSITS AND INVESTMENTS**

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

**Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 2 DEPOSITS AND INVESTMENTS (Continued)**

**Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2011 and 2010, the book value of the Borough's deposits were \$4,621,279 and \$4,550,260 and bank and brokerage firm balances of the Borough's deposits amounted to \$5,162,070 and \$4,935,597, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured	\$ <u>5,162,070</u>	\$ <u>4,935,597</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2011 and 2010, the Borough's bank deposits were not exposed to custodial credit risk.

**Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2011 and 2010, the Borough had the following investments:

	<u>Fair and Book Value</u>	
	<u>2011</u>	<u>2010</u>
Investment in Lincoln Financial (LOSAP)	\$ <u>670,286</u>	\$ <u>660,655</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 2 DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2011 and 2010, \$670,286 and \$660,655 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust		
department but not in the Borough's name	\$ 670,286	\$ 660,655

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The fair value of the above-listed investments were based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**NOTE 3 TAXES RECEIVABLE**

Receivables at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
<u>Current</u>		
Property Taxes	\$ 528,428	\$ 575,458
Tax Title Liens	<u>3,663</u>	<u>3,022</u>
	\$ 532,091	\$ 578,480

In 2011 and 2010, the Borough collected \$575,450 and \$572,735 from delinquent taxes, which for both years represented 99% of the prior year delinquent taxes receivable balance.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 4 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the general capital projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2011</u>	<u>2010</u>
Issued		
General		
Bonds, Notes and Loans	\$ 20,990,743	\$ 20,737,826
Less Funds Temporarily Held to		
Pay Bonds and Notes	<u>7,895</u>	<u>21,718</u>
	20,982,848	20,716,108
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,812,742</u>	<u>1,890,148</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 23,795,590</u>	<u>\$ 22,606,256</u>

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.07% and .96% at December 31, 2011 and 2010, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 23,803,485	\$ 891,895	\$ 22,911,590
School Debt	<u>18,520,000</u>	<u>18,520,000</u>	<u>-</u>
Total	<u>\$ 42,323,485</u>	<u>\$ 19,411,895</u>	<u>\$ 22,911,590</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 22,627,974	\$ 928,718	\$ 21,699,256
School Debt	<u>19,510,000</u>	<u>19,510,000</u>	<u>-</u>
Total	<u>\$ 42,137,974</u>	<u>\$ 20,438,718</u>	<u>\$ 21,699,256</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2011</u>	<u>2010</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 74,803,273	\$ 78,645,742
Net Debt	<u>22,911,590</u>	<u>21,699,256</u>
Remaining Borrowing Power	<u>\$ 51,891,683</u>	<u>\$ 56,946,486</u>

**Long-Term Debt**

The Borough's long-term debt consisted of the following at December 31:

**General Obligation Bonds**

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
\$2,973,000, 1999 Bonds, due in annual installments of \$360,000 to \$403,000 through February 13, 2013, interest at 5.05%	\$ 763,000	\$ 1,103,000
\$3,250,000, 2003 Bonds, due in annual installments of \$160,000 to \$610,000 through May 1, 2016, interest at 3.25% - 3.55%	2,130,000	2,305,000
\$8,530,000, 2010 Bonds, due in annual installments of \$100,000 to \$1,095,000 through July, 2025, interest at 1.5% - 4.0%	<u>8,430,000</u>	<u>8,530,000</u>
	<u>\$ 11,323,000</u>	<u>\$ 11,938,000</u>



**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Long-Term Debt** (Continued)

**Intergovernmental Loans Payable**

The Borough has entered into loan agreements with the New Jersey Green Trust Fund and the Environmental Infrastructure Trust Fund. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. Intergovernmental loans outstanding at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
<b>Green Acres Trust Fund</b>		
\$124,946, Bonds, due in semi-annual installments of \$3,479 through 2011, interest at 2%		\$ 3,479
\$200,000, Bonds, due in semi-annual installments of \$4,478 to \$6,157 through 2028, interest at 2%	\$ 174,049	182,872
Total Green Acres Trust Fund	<u>\$ 174,049</u>	<u>\$ 186,351</u>
	<u>2011</u>	<u>2010</u>
<b>Environmental Infrastructure Trust</b>		
\$1,675,000 Trust Loan, due in annual installments of \$70,000 to \$125,000 through 2027, interest at 3.4% to 5.0%	\$ 1,490,000	\$ 1,555,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$82,939 through 2027 interest free	1,341,480	1,426,475
\$965,000 Trust Loan, due in annual installments of \$35,000 to \$70,000 through 2029, interest at 3.5% to 5.0%	930,000	965,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>2,748,214</u>	<u>2,850,000</u>
Total Environmental Infrastructure Trust	<u>6,509,694</u>	<u>6,796,475</u>
Total Intergovernmental Loans	<u>\$ 6,683,743</u>	<u>\$ 6,982,826</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Long-Term Debt** (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2011 is as follows:

Calendar Year	General Bonds		Intergovernmental Loans					
	Principal	Interest	<u>Environmental Infrastructure</u>		<u>Green Acres</u>		Total	
			Principal	Interest	Principal	Interest		
2012	\$ 640,000	\$ 326,078	\$ 335,618	\$ 105,768	\$ 9,000	\$ 3,436	\$ 1,419,900	
2013	663,000	318,840	342,384	101,808	9,181	3,255	1,438,468	
2014	680,000	313,943	345,833	97,608	9,365	3,071	1,449,820	
2015	700,000	291,805	352,402	93,088	9,554	2,882	1,449,731	
2016	710,000	268,628	358,193	87,338	9,746	2,690	1,436,595	
2017-2021	3,990,000	1,084,625	1,874,799	344,690	51,751	10,434	7,356,299	
2022-2026	3,940,000	395,099	2,029,990	179,240	57,160	5,019	6,606,508	
2027-2029	-	-	870,475	21,905	18,292	367	911,039	
Total	\$ 11,323,000	\$ 2,999,018	\$ 6,509,694	\$ 1,031,445	\$ 174,049	\$ 31,154	\$ 22,068,360	

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2011 and 2010 were as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>2011</u>					
General Capital Fund					
Bonds Payable	\$ 11,938,000		\$ 615,000	\$ 11,323,000	\$ 640,000
Intergovernmental Loans Payable	<u>6,982,826</u>	<u>\$ -</u>	<u>299,083</u>	<u>6,683,743</u>	<u>344,618</u>
General Capital Fund Long-Term Liabilities	<u>\$ 18,920,826</u>	<u>\$ -</u>	<u>\$ 914,083</u>	<u>\$ 18,006,743</u>	<u>\$ 984,618</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Changes in Long-Term Municipal Debt (Continued)**

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within One Year
<u>2010</u>					
General Capital Fund					
Bonds Payable	\$ 3,898,000	\$ 8,530,000	\$ 490,000	\$ 11,938,000	\$ 615,000
Intergovernmental Loans Payable	<u>3,327,060</u>	<u>3,815,000</u>	<u>159,234</u>	<u>6,982,826</u>	<u>299,083</u>
General Capital Fund Long-Term Liabilities	<u>\$ 7,225,060</u>	<u>\$ 12,345,000</u>	<u>\$ 649,234</u>	<u>\$ 18,920,826</u>	<u>\$ 914,083</u>

**Short-Term Debt**

The Borough's short-term capital debt activity for the years ended December 31, 2011 and 2010 was as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Bond Anticipation Notes				
General Capital Fund	<u>\$ 910,000</u>	<u>\$ 2,100,000</u>	<u>\$ 910,000</u>	<u>\$ 2,100,000</u>

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes				
General Capital Fund	<u>\$ 8,428,206</u>	<u>\$ 910,000</u>	<u>\$ 8,428,206</u>	<u>\$ 910,000</u>

In addition to the debt shown in the above schedule, municipalities may issue debt to meet cash flow needs to temporarily finance operating expenditures. This debt which is not included in the Borough's regulatory debt limit calculation is reported in the Current Fund for the year ended December 31, 2011 as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Special Emergency Notes	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>250,000</u>
	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 5 FIXED ASSETS**

**General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2011 and 2010.

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land	\$ 3,093,893			\$ 3,093,893
Buildings and Building Improvements	4,179,516	\$ 313,396		4,492,912
Machinery and Equipment	6,277,706	618,953	-	6,896,659
	<u>\$ 13,551,115</u>	<u>\$ 932,349</u>	<u>\$ -</u>	<u>\$ 14,483,464</u>
	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land	\$ 3,093,893			\$ 3,093,893
Buildings and Building Improvements	4,162,564	\$ 16,952		4,179,516
Machinery and Equipment	6,111,184	166,522	-	6,277,706
	<u>\$ 13,367,641</u>	<u>\$ 183,474</u>	<u>\$ -</u>	<u>\$ 13,551,115</u>

**NOTE 6 DUE TO/FROM OTHER FUNDS**

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 15,783	\$ 9,194	\$ 15,728	
Animal Control Fund		6,172		\$ 4,761
Other Trust Fund		9,610		9,629
General Capital Fund	9,194			1,337
Public Assistance Fund	-	1	-	1
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total	<u>\$ 24,977</u>	<u>\$ 24,977</u>	<u>\$ 15,728</u>	<u>\$ 15,728</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 6 DUE TO/FROM OTHER FUNDS**

The interfund balances are the result of expenditures being paid by one fund on behalf of another, revenues earned in one fund but owing to another fund and/or to cover cash balances which were in an overdraft position.

The Borough expects all interfund balances to be liquidated within one year.

**NOTE 7 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,246,118	\$ 816,000	\$ 1,450,259	\$ 1,314,000
Non-Cash Surplus	<u>76,473</u>	<u>-</u>	<u>165,911</u>	<u>-</u>
	<u>\$ 1,322,591</u>	<u>\$ 816,000</u>	<u>\$ 1,616,170</u>	<u>\$ 1,314,000</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	<u>Balance</u>
<u>2011</u>			
Current Fund			
Emergency Authorization	\$ 103,688	\$ 103,688	
Special Emergency Authorization (40A:4-55)	<u>250,000</u>	<u>50,000</u>	<u>\$ 200,000</u>
	<u>\$ 353,688</u>	<u>\$ 153,688</u>	<u>\$ 200,000</u>
<u>2010</u>			
Current Fund			
Special Emergency Authorization (40A:4-55)	\$ <u>14,000</u>	\$ <u>14,000</u>	\$ <u>-</u>
	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ -</u>

**NOTE 9 COMPENSATED ABSENCES**

Under the existing policies and labor agreements of the Borough, employees are allowed to accrue unused vacation benefits, personal, sick leave which may be taken as time off or paid upon retirement at an agreed upon rate.

It is estimated that the current cost of such unpaid compensation and salary related payments would be approximately \$3,071,930 and \$2,423,192 at December 31, 2011 and 2010, respectively. These amounts which are considered material to the financial statements are not reported either as an expenditure or liability.

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).



**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% for PERS and 8.50% for PFRS of employees' annual compensation.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

During the years ended December 31, 2011, 2010 and 2009, the Borough was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ending</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>
2011	\$ 876,940	\$ 354,444
2010	776,701	271,424
2009	733,762	236,685

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teachers Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as a Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

**Health Benefits Program Fund (HBPF) – Local Government** (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Health Benefits Program Fund (HBPF) – Local Government (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$108.1 million for 8,161 eligible retired members for Fiscal Year 2011. This benefit covers the PFRS.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$34.2 million in Fiscal Year 2011 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2011, 2010 and 2009 were \$296,149, \$309,888 and \$288,756, respectively, which equaled the required contribution. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2011, 2010 and 2009 were \$3,209, \$3,436 and \$3,436, respectively.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 12 RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Dumont is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Unemployment Compensation Trust Fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 27,000	\$ 9,616	\$ 28,106	\$ 37,144
2010	44,000	9,733	53,621	28,611
2009	30,000	10,016	43,021	28,474

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 13 CONTINGENT LIABILITIES**

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. The Borough settled a lawsuit in 2009 with a former employee for \$530,000. The Borough's uninsured exposure as negotiated with the Bergen Municipal Excess Liability Fund (the "MEL") was \$165,000. This settlement is payable to the MEL over six years with a \$30,000 payment due in 2011 and annual payments of \$27,000 due in 2012 through 2015.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2011 and 2010. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2011 and 2010, the Borough reserved \$74,687 and \$68,553, respectively, in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2011 and 2010, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 14 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2011 and 2010, the Borough had not calculated its arbitrage earnings due to the IRS, if any.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Borough of Dumont Length of Service Award Program (the Plan) was created by a Borough ordinance pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Dumont approved the adoption of the Plan at the general election held on November 2, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Dumont has contributed \$51,000 and \$53,800 for 2011 and 2010, respectively, for eligible volunteer fire department and ambulance corp. members into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. All earnings, dividends and other distributions of the account shall be automatically reinvested.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**Vesting and Benefits**

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 16 PENSION OBLIGATION LEASE AGREEMENT**

The Borough previously entered into an agreement with the Bergen County Improvement Authority for the retirement for its outstanding unfunded pension liability totaling \$958,000. The following is the schedule of the future minimum lease payments and the present value of the net minimum lease payment at December 31, 2011:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 72,986
2013	77,359
2014	82,503
2015	87,399
2016	92,915
2017-2021	551,780
2022-2023	<u>269,044</u>
Total. Minimum Lease Payments	1,233,986
Less: Amounts Representing Interest	<u>349,986</u>
Present Value of Net Minimum Lease Payments	<u>\$ 884,000</u>

**NOTE 17 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>Estimated</u> <u>Date of</u> <u>Completion</u>
<u>2011</u>		
Storm Sewer/Drainage Improvements	\$ 175,187	2012
Improvements to Howare Street	28,938	2012
Improvements to Library Roof	19,054	2012
Improvements to Memorial Park Consession Hut	24,390	2012
Improvements to Short Street	31,008	2012
Improvements to Brussel Court	49,820	2012
Improvements to DPW Remediation	62,077	2012
Fire Gear	25,000	2012
Improvements to Twin Boro Field Remediation	1,134,682	2012
Various Storm Sewer/Drainage Improvements	3,084,313	2012



**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 17 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)**

2010

Capital Project			
Acquisition of Fire Pumper	\$	499,780	2011
Computers - Police		40,877	2011
Fire Gear		25,000	2011
Library and Senior Center Handicap Access		139,075	2011
Improvements to Short Street		133,845	2011
Improvements to Bussell Court		61,968	2011
Storm Sewer/Drainage Improvements		369,304	2011
Park Improvements		24,575	2011

**NOTE 18 SUBSEQUENT EVENTS**

**Serial Bonds**

On February 21, 2012 the Borough adopted an ordinance for the Refunding of Certain General Obligation Bonds issued in connection with Unfunded Pension Liabilities of the Borough in an amount not to exceed \$866,000. In addition, on February 7, 2012 the Borough adopted a resolution authorizing the sale of Refunding Bonds for this purpose through the Bergen County Improvement Authority (the "BCIA"). On May 1, 2012 the BCIA awarded the sale of these bonds to TD Securities at interest rates of 0.43% to 3.259%. These bonds dated May 17, 2012 will mature over 11 years with the first maturity due March 15, 2013.

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**CURRENT FUND**



**BOROUGH OF DUMONT**  
**STATEMENT OF CASH AND INVESTMENTS - COLLECTOR-TREASURER**

Balance, December 31, 2010		\$ 2,810,100
Increased by Receipts:		
Taxes Receivable	\$ 52,680,539	
Revenue Accounts Receivable	2,687,613	
Non Budget Revenue	248,897	
Prepaid Taxes	176,579	
Receipts from General Capital Fund	1,237,837	
Receipts from Other Trust Fund	281	
Receipts from Animal Control Fund	4,803	
Unappropriated Reserves for Grants	42,930	
Miscellaneous Reserves	581,734	
Tax Overpayments	40,701	
Senior Citizens' and Veterans' Deductions	205,830	
Special Emergency Notes	250,000	
General Capital Receipt Deposited in Current Fund	714	
Receipts from Public Assistance Trust Fund	12	
Petty Cash	300	
		<u>58,158,770</u>
		60,968,870
Decreased by Disbursements:		
2011 Appropriations	17,442,495	
2010 Appropriation Reserves	162,936	
Encumbrances Payable	423,168	
Tax Overpayments	59,469	
County Taxes	4,433,434	
Local District School Taxes	32,926,525	
Refund of Prior Year Revenue	8,679	
Appropriated Grant Reserves	20,097	
Miscellaneous Reserves	596,699	
Payments to General Capital Fund	1,353,055	
Payments to Unemployment Trust Fund	27,000	
Petty Cash	300	
		<u>57,453,857</u>
Balance, December 31, 2011		<u>\$ 3,515,013</u>

## EXHIBIT A-5

**BOROUGH OF DUMONT  
STATEMENT OF PETTY CASH FUNDS**

<u>Office</u>	Petty Cash <u>Advance</u>	Petty Cash <u>Returned</u>	Balance, December 31, <u>2011</u>
Tax Collector - Treasurer	\$ <u>300</u>	\$ <u>300</u>	\$ <u>-</u>
	\$ <u>300</u>	\$ <u>300</u>	\$ <u>-</u>

## EXHIBIT A-6

**STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2010</u>	Balance, December 31, <u>2011</u>
Tax Collector - Treasurer	\$ <u>250</u>	\$ <u>250</u>
	\$ <u>250</u>	\$ <u>250</u>

## EXHIBIT A-7

**STATEMENT OF DUE FROM STATE OF NEW JERSEY  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2010		\$ 9,309
Increased by:		
Deductions Allowed by Tax Collector	\$ 3,750	
Senior Citizens' and Veterans' Deductions Per Tax Billing	<u>204,750</u>	<u>208,500</u>
		217,809
Decreased by:		
Deductions Disallowed by Tax Collector	2,920	
Cash Receipts	<u>205,830</u>	<u>208,750</u>
Balance, December 31, 2011		\$ <u>9,059</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2010	2011 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2010	Collections 2011	Senior Citizens' and Veterans' Deductions Allowed	Tax Overpayment Applied	Taxes Cancelled or Remitted or Abated	Transferred to Tax Title Lien	Balance, December 31, 2011
2010	\$ 575,458				\$ 20,984	\$ 124,885	\$ 208,500	\$ 2,841	\$ 8	\$ 641	\$ 528,428
2011		\$ 53,132,061	\$ 20,984	\$ 2,920	\$ 124,885	\$ 52,105,089	\$ 208,500	\$ 2,841	\$ 185,581	\$ 641	\$ 528,428
	\$ 575,458	\$ 53,132,061	\$ 20,984	\$ 2,920	\$ 124,885	\$ 52,680,539	\$ 208,500	\$ 2,841	\$ 185,589	\$ 641	\$ 528,428

Analysis of 2011 Property Tax Levy

**TAX YIELD**

General Property Tax  
Real Property Tax  
Added Taxes (54:4-63.1 et seq.)

\$ 53,132,061  
20,984  
\$ 53,153,045

**TAX LEVY**

Local School Tax (Abstract)  
County Taxes (Abstract)  
County Open Space (Abstract)  
Due County for Added Taxes (54:4-63.1)

\$ 4,372,667  
53,343  
2,015  
4,428,025

Local Tax for Municipal Purposes  
Add Additional Tax Levied

15,759,594  
38,901  
15,798,495  
\$ 53,153,045

**BOROUGH OF DUMONT  
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2010	\$ 3,022
Increased by:	
Transferred from Taxes Receivable	<u>641</u>
Balance, December 31, 2011	<u>\$ 3,663</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, December 31, 2010	\$ <u>79,526</u>
Balance, December 31, 2011	<u>\$ 79,526</u>

**STATEMENT OF OTHER RECEIVABLES**

Balance, December 31, 2010	\$ 2,007
Decreased by:	
Cancellation of Prior Year Receivable	<u>\$ 2,007</u>



**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2010</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2011</u>
Licenses				
Alcoholic Beverages		\$ 12,973	\$ 12,973	
Board of Health		171	171	
Borough Clerk		6,548	6,548	
Fees and Permits				
Construction Code Official		137,363	137,363	
Recreation Fees		52,829	52,829	
Board of Health		17,552	17,552	
Borough Clerk		6,381	6,381	
Fire Prevention		11,925	11,925	
Planning and Zoning		560	560	
Police		1,905	1,905	
Fines and Costs - Municipal Court	\$ 16,150	195,834	191,326	\$ 20,658
Interest and Cost on Taxes		99,723	99,723	
Interest on Investments and Deposits		12,001	12,001	
Consolidated Municipal Property Tax Relief		173,690	173,690	
Energy Receipts Tax		1,181,562	1,181,562	
Life Hazard Use Fees		11,213	11,213	
Fire Inspections - Additional		22,381	22,381	
Sale of Recyclables	10,530	103,940	114,470	
FEMA Reimbursement		44,459	44,459	
Monople Rental - DPW Building		33,076	33,076	
Monopol - Lease Assignment		314,010	314,010	
PILOT - Senior Citizens Club		30,168	30,168	
Cable Television Franchise Fees	-	211,327	211,327	-
	<u>\$ 26,680</u>	<u>\$ 2,681,591</u>	<u>\$ 2,687,613</u>	<u>\$ 20,658</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DEFERRED CHARGES**  
**N.J.S. 40A:4-53 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>December 31,</u> <u>2010</u>	<u>Budget</u> <u>Appropriation</u>	<u>Balance,</u> <u>December 31,</u> <u>2011</u>
2006	Preparation of Master Plan	\$ 50,000	\$ 10,000	\$ 10,000	\$ 10,000	
2006	Codification of Ordinances	20,000	4,000	4,000	4,000	
2011	Reassessment of Real Property	250,000	50,000	-	-	\$ 250,000
				<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 250,000</u>

**STATEMENT OF DEFERRED CHARGES**

	<u>Balance</u> <u>Increased in</u> <u>2011</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>
Emergency Appropriations	<u>\$ 103,688</u>	<u>\$ 103,688</u>

**STATEMENT OF GRANTS RECEIVABLE**

	<u>Balance,</u> <u>December 31,</u> <u>2010</u>	<u>Balance,</u> <u>December 31,</u> <u>2011</u>
Improvements To Veteran's Plaza	<u>\$ 53,164</u>	<u>\$ 53,164</u>
	<u>\$ 53,164</u>	<u>\$ 53,164</u>

**BOROUGH OF DUMONT  
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance December 31, 2010	Budget After Transfer or Modification	Paid or Charged	Transferred to Grant Reserve	Balance Lapsed
Salaries and Wages					
General Administration	\$ 271	\$ 271			\$ 271
Financial Administration	1	1			1
Planning Board/Zoning Board	167	167	\$ 167		
Police	44,210	25,210	2,054		23,156
Streets and Roads	1,772	1,772			1,772
Public Buildings and Grounds	868	868	279	-	589
	<u>47,289</u>	<u>28,289</u>	<u>2,500</u>	<u>-</u>	<u>25,789</u>
Other Expenses					
General Administration	1,811	1,895			1,895
Elections	1,316	1,316			1,316
Ethics Board	332	332	332		
Codification of Ordinances	6,653	6,653	2,190		4,463
Financial Administration	39,156	39,156	39,156		
Assessment of Taxes	269	269			269
Collection of Taxes	80	80	25		55
Legal Services and Costs					
Borough Attorney - Other Expenses	562	562			562
Other Expenses	10,959	10,959	910		10,049
Engineering	1,659	10,659	9,777		882
Planning Board/Zoning Board	2,388	2,388	1,028		1,360
Rent Leveling Board	1,046	1,046			1,046
Fire					
Other Expenses	6,603	6,603	6,603		
Life Hazard Use Fees	1,427	1,427	1,250		177
Fire Hydrant Services	6,124	6,124			6,124
Police	14,296	14,296	1,138		13,158
Police Reserve	366	366			366
Emergency Management	3,554	3,554			3,554
Streets and Roads	20,697	41,697	38,137		3,560
Garbage and Trash Removal	65,180	54,180			54,180
Public Buildings and Grounds	7,847	7,847	508		7,339
Sewer System	4,309	5,366			5,366
Shade Tree	6,606	6,606	95		6,511
Board of Health					
Other Expenses	124	124	33		91
Other Expenses-Contractual (Shelter)	371	371			371
Hepatitis Program	435	1,000			1,000
Environmental Commission	498	498			498
Public Assistance	1,158	1,158			1,158
Aid to Community Center for Mental Health	1,000	1,000			1,000
Recreation		36			36
Celebration of Public Events	5,175	5,330			5,330
Senior Citizens	6,396	6,396	3,948		2,448
Uniform Construction Code Officials	1,235	1,235			1,235

**BOROUGH OF DUMONT**  
**STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance December 31, <u>2010</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Transferred to Grant <u>Reserve</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Utilities					
Electricity	\$ 20,981	\$ 20,981			\$ 20,981
Street Lighting	12,765	12,765			12,765
Telephone	2,357	2,357	\$ 43		2,314
Gasoline	13,580	13,580			13,580
Water	5,290	5,290	349		4,941
Social Security	3,866	3,866	66		3,800
Municipal Court	812	866			866
General Liability	7,772	7,772	448		7,324
Employee Group Health	31,453	31,453			31,453
LOSAP	70,000	70,000	54,400		15,600
Storm Related Expenses - State of Emergency	23,650	23,650			23,650
Drunk Driving Enforcement	1,935	1,935		\$ 1,935	
Recycling Tonnage Grant	17,715	17,715		17,715	
Clean Communities Grant	6,911	6,911		6,911	
Bergen County - Flu Vaccine	25	25	-	25	-
	<u>438,744</u>	<u>459,695</u>	<u>160,436</u>	<u>26,586</u>	<u>272,673</u>
	<u>\$ 486,033</u>	<u>\$ 487,984</u>	<u>\$ 162,936</u>	<u>\$ 26,586</u>	<u>\$ 298,462</u>
2010 Appropriation Reserves		\$ 486,033			
Transfer from Encumbrances Payable		<u>1,951</u>			
		<u>\$ 487,984</u>			

**BOROUGH OF DUMONT  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2010	\$ 425,119
Increased by:	
Transfer from 2011 Budget Appropriations	<u>867,793</u>
	1,292,912
Decreased by:	
Encumbrances Payables Restored to Appropriation Reserves	\$ 1,951
Cash Disbursements	<u>423,168</u>
	<u>425,119</u>
Balance, December 31, 2011	<u>\$ 867,793</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2010	\$ 9,718
Decreased by:	
Cancelled to Appropriated Grant Reserve	\$ 9,568
Cancelled Accounts Payable to Operations	<u>150</u>
	<u>9,718</u>
Balance, December 31, 2011	<u>\$ -</u>

**STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

Increased by:	
Cash Receipts	<u>\$ 250,000</u>
Balance, December 31, 2011	<u>\$ 250,000</u>

**BOROUGH OF DUMONT  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2010</u>	<u>Increased</u>	<u>Disbursed</u>	<u>Revenue Realized</u>	Balance, December 31, <u>2011</u>
Tax Sale Premium	\$ 91,500	\$ 264,100	\$ 229,200		\$ 126,400
Redemption of Tax Sale Certificates	18,003	313,028	331,031		
Revaluation	15,000			\$ 15,000	
Tax Appeals	68,553	32,000	25,866		74,687
Master Plan	6,955				6,955
DCA Fees	1,963	6,419	6,093		2,289
Marriage Licenses	325	1,578	1,528		375
Homestead Rebate		3,709	2,981		728
Sale of Assets	17,029			17,029	
FEMA Reimbursement	<u>102,784</u>	<u>-</u>	<u>-</u>	<u>102,784</u>	<u>-</u>
	<u>\$ 322,112</u>	<u>\$ 620,834</u>	<u>\$ 596,699</u>	<u>\$ 134,813</u>	<u>\$ 211,434</u>
Cash Receipts		\$ 581,734			
Prior Year Adjustment		7,100			
Budget Appropriations		<u>32,000</u>			
		<u>\$ 620,834</u>			

EXHIBIT A-21

**STATEMENT OF OTHER LIABILITIES**

Balance, December 31, 2010	\$ 2,979
Decreased by:	
Cancelled to Operations	<u>2,979</u>
Balance, December 31, 2011	<u>\$ -</u>

**BOROUGH OF DUMONT  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2010	\$ 124,885
Increased by:	
Collection of 2012 Taxes	<u>176,579</u>
	301,464
Decreased by:	
Application to 2011 Taxes	<u>124,885</u>
Balance, December 31, 2011	<u>\$ 176,579</u>

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2010	\$ 21,859
Increased by:	
Cash Receipts	<u>40,701</u>
	62,560
Decreased by:	
Overpayment Applied in 2011	\$ 2,841
Refunded in 2011	<u>59,469</u>
	<u>62,310</u>
Balance, December 31, 2011	<u>\$ 250</u>

**STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE**

Balance, December 31, 2010	\$ 10
Increased by:	
Levy - Calendar Year	<u>32,926,525</u>
	32,926,535
Decreased by:	
Payments	<u>32,926,525</u>
Balance, December 31, 2011	<u>\$ 10</u>

**BOROUGH OF DUMONT  
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2010	\$ 7,424
Increased by:	
2011 Levy	\$ 4,372,667
2011 County Open Space	53,343
Added Taxes	<u>2,015</u>
	<u>4,428,025</u>
	4,435,449
Decreased by:	
Payments	<u>4,433,434</u>
Balance, December 31, 2011	<u>\$ 2,015</u>

EXHIBIT A-26

**SCHEDULE OF APPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2010</u>	Transfer from Appropriation <u>Reserves</u>	<u>Expended</u>	Cancelled Accounts Payable	Balance, December 31, <u>2011</u>
Clean Communities Grant	\$ 10,191	\$ 6,911	\$ 10,191		\$ 6,911
Domestic Violence	6,605				6,605
Alcohol Education and Rehabilitation Fund	2,909		350		2,559
Obey the Sign or Pay the Fine	4,000		4,000		-
State Recycling Grant	21,850	17,715			39,565
Stormwater Drainage	14,021				14,021
Drunk Driving Enforcement Fund	4,973	1,935	1,793		5,115
Body Armor Grant	5,298				5,298
OEM Training	1,531				1,531
Recycling Tonnage	5,509				5,509
FEMA	10,864		3,763		7,101
CDBG - Veteran's Plaza	43,359			\$ 9,568	52,927
Green Communities	3,000				3,000
Bergen County Flu Vaccine	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
	<u>\$ 134,110</u>	<u>\$ 26,586</u>	<u>\$ 20,097</u>	<u>\$ 9,568</u>	<u>\$ 150,167</u>



**BOROUGH OF DUMONT**  
**STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS**

	Balance, December 31, <u>2010</u>	Increased by <u>Receipts</u>	Realized as Budget <u>Revenue</u>	Balance, December 31, <u>2011</u>
Clean Community	\$ 25,422	\$ 24,068	\$ 25,422	\$ 24,068
Recycling Tonnage		15,465		15,465
Police Body Armor Fund	<u>4,560</u>	<u>3,397</u>	<u>4,560</u>	<u>3,397</u>
	<u>\$ 29,982</u>	<u>\$ 42,930</u>	<u>\$ 29,982</u>	<u>\$ 42,930</u>

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## **TRUST FUNDS**



**BOROUGH OF DUMONT  
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2010	\$ 16,079	\$ 408,785	\$ 37,312
Increased by Receipts:			
Escrow Deposits	\$ 42	\$ 14,092	\$ 23
Interest on Investments and Deposits		262	
Miscellaneous Reserves		755,391	
License Fees Collected	5,529		
Receipts from Current Fund			27,000
Receipts from Payroll Service Provider			9,717
Due to State of New Jersey	1,081		
Payroll and Payroll Deductions	-	10,105,894	9,616
	<u>6,652</u>	<u>10,875,639</u>	<u>46,356</u>
	22,731	11,284,424	83,668
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	526		
Payment to Current Fund	4,803	281	
Escrow Deposits		25,009	
Payments to State of NJ	1,081		37,547
Payroll and Payroll Deductions Payable		10,092,384	9,616
Miscellaneous Reserves	-	639,681	-
	<u>6,410</u>	<u>10,757,355</u>	<u>47,163</u>
Balance, December 31, 2011	\$ 16,321	\$ 527,069	\$ 36,505

## EXHIBIT B-2

**BOROUGH OF DUMONT  
STATEMENT OF DUE TO CURRENT FUND - OTHER TRUST FUND**

Balance, December 31, 2010	\$ 9,629
Increased by:	
Interest on Investments and Deposits	<u>262</u>
	9,891
Decreased by:	
Payments to Current Fund	<u>281</u>
Balance, December 31, 2011	<u>\$ 9,610</u>

## EXHIBIT B-3

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2010	\$ 11,172
Increased by:	
Animal Control Fees	<u>5,529</u>
	16,701
Decreased by:	
Cash Disbursements	\$ 526
Statutory Excess Due to Current Fund	<u>6,172</u>
	<u>6,698</u>
Balance, December 31, 2011	<u>\$ 10,003</u>

## EXHIBIT B-4

**STATEMENT OF DUE TO STATE OF NEW JERSEY  
DOG REGULATION FEES**

Balance, December 31, 2010	\$ 146
Increased by:	
Registration Fees - Due State of New Jersey	<u>1,081</u>
	1,227
Decreased by:	
Payments	<u>1,081</u>
Balance, December 31, 2011	<u>\$ 146</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND**

Balance, December 31, 2010		\$ 4,761
Increased by:		
Interest on Investments and Deposits	\$ 42	
Statutory Excess	<u>6,172</u>	
		<u>6,214</u>
		10,975
Decreased by:		
Payments to Current Fund		<u>4,803</u>
		<u>\$ 6,172</u>
Balance, December 31, 2011		

**STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2010		\$ 74,582
Increased by:		
Cash Receipts		<u>14,092</u>
		88,674
Decreased by:		
Cash Disbursements		<u>25,009</u>
		<u>\$ 63,665</u>
Balance, December 31, 2011		

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES**

Balance, December 31, 2010		\$ 28,611
Increased by:		
Payroll Deductions	\$ 9,616	
Interest on Investments and Deposits	23	
Current Fund Budget Appropriation	<u>27,000</u>	
		<u>36,639</u>
		65,250
Decreased by:		
Unemployment Claims		<u>28,106</u>
		<u>\$ 37,144</u>
Balance, December 31, 2011		

**BOROUGH OF DUMONT  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Fire Prevention Fees	\$ 6,624	\$ 5,692	\$ 350	\$ 11,966
Recreation Commission	123,822	448,092	388,988	182,926
Tax Sale Premiums	200			200
Sidewalks	4,218	1,500		5,718
Maintenance Bond	61,816		50,661	11,155
POAA	3,151	1,160		4,311
Drug and Alcohol	27,723	11,464	9,277	29,910
Police Outside Services	26,925	240,914	187,992	79,847
Police Donations	426			426
Shade Tree	1,541	5,455	1,283	5,713
Snow Emergency		40,494		40,494
Teen Center	510	620	1,130	-
	<u>\$ 256,956</u>	<u>\$ 755,391</u>	<u>\$ 639,681</u>	<u>\$ 372,666</u>

EXHIBIT B-9

**STATEMENT OF RESERVE FOR PAYROLL AND PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2010	\$ 67,618
Increased by:	
Cash Receipts	<u>10,105,894</u>
	10,173,512
Decreased by:	
Cash Disbursements	<u>10,092,384</u>
Balance, December 31, 2011	<u>\$ 81,128</u>

EXHIBIT B-10

**STATEMENT OF DUE TO STATE OF NEW JERSEY UNEMPLOYMENT INSURANCE FUND**

Balance, December 31, 2010	\$ 9,441
Increased by:	
Unemployment Claims Due to State of New Jersey	<u>28,106</u>
	37,547
Decreased by:	
Unemployment Claims Paid by:	
Unemployment Insurance Account	<u>37,547</u>
Balance, December 31, 2011	<u>\$ -</u>



**BOROUGH OF DUMONT**  
**STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER**

Balance, December 31, 2010	\$ 740
Increased by:	
Payroll Deductions Transferred to Payroll Service Provider	<u>9,616</u>
	10,356
Decreased by:	
Cash Receipts from Payroll Service Provider	<u>9,717</u>
Balance, December 31, 2011	<u>\$ 639</u>

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**GENERAL CAPITAL FUND**



**BOROUGH OF DUMONT**  
**STATEMENT OF GENERAL CAPITAL CASH - COLLECTOR-TREASURER**

Balance, December 31, 2010			\$ 1,270,004
Increased by Receipts:			
Bond Anticipation Notes Issued	\$ 1,190,000		
Interest on Investments and Deposits	1,036		
Receipts from Current Fund	<u>1,353,055</u>		
		<u>2,544,091</u>	
		3,814,095	
Decreased by:			
Improvement Authorizations	747,887		
Contracts Payable	1,311,758		
Payments to Current Fund	<u>1,237,837</u>		
		<u>3,297,482</u>	
Balance, December 31, 2011			<u>\$ 516,613</u>

**BOROUGH OF DUMONT  
ANALYSIS OF GENERAL CAPITAL CASH  
AS OF DECEMBER 31, 2011**

Fund Balance	\$ 86,109
Contracts Payable	4,794,491
Grants Receivable	(293,175)
Loan Receivable	(3,815,000)
Deferred Charges to Future Taxation - Cancelled Receivables	(133,259)
Due From Current Fund	(9,194)
Excess Note Proceeds Ord. No. 1323	7,895
Improvement Authorizations:	

<u>Ord. No.</u>	<u>Improvement Description</u>	
1250	Impvts of Various Parks and Acq. Of Equipment	(4,908)
1292/1315	Repaving of Roads	6,748
1299/1320	Various Public Improvements	4,150
1321	Acquisition of Street Sweeper	13,690
1323	Reconstruction of Pershing Ave	167,535
1344/1375/1407	Various Storm Sewer Improvements	(39,670)
1349	2007 Road Program	102,036
1353	Acquisition of a Fire Truck	11,393
1363	Resurfacing of Howard Street	145,706
1364	Various Improvements	1,870
1380	Park Improvements	254,233
1393	Various General Improvements	214,101
1400	Reconstruction of Short Street	33,254
1401	Reconstruction of Bussell Court	75,793
1409	Library and Sr. Ctr. Handicap Access	940
1416	Impvts. To Veteran's Memorial Park and Other Parks and Fields	335,941
1421	Various Capital Improvements	145,199
1431	DPW Garage Site Improvements	(157,589)
1432	Phase III Storm Sewer Sysem Improvements	(213,370)
1434	Various Capital Improvements	(143,334)
1436	Roosevelt Ave Flood Project	(290)
1438	Twin Boro Field Remediation	(1,074,682)
		<u>\$ 516,613</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2010			\$ 19,827,826
Decreased by:			
2011 Budget Appropriations			
Serial Bonds	\$	615,000	
Green Trust Loans		12,302	
NJEIT Loan Payable		286,781	
Pension Obligation Loan		<u>23,000</u>	
			<u>937,083</u>
Balance, December 31, 2011			<u>\$ 18,890,743</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, December 31, 2010	2011 Authorizations	2011 Budget Appropriation	Balance, December 31, 2011	Bond Anticipation Notes	Analysis of Balance	
							Expenditures	Unexpended Improvement Authorizations
1192	Rehab and Replace Boiler	\$ 500		\$ 500				
1250	Impvts of Various Parks and Acq. Of Equip.	4,908			4,908		\$ 4,908	
1260	Various Public Improvements	1,690		1,690				
1275	Refund Unfunded Pension Liab	17,000			17,000			\$ 17,000
1323	Reconstruction of Pershing	150,000		7,895	142,105	\$ 142,105		
1375	Sewer System Improvements	385,000			385,000		39,670	345,330
1393	Various General Improvements	760,000			760,000			
1407	Acq. of Easements and Prop Relating to Storm Water	285,000			285,000			285,000
1409	Library and Senior Center Handicap Access	213,750			213,750			
1416	Impvts to Veteran's Memorial Park and Parks and Other Fields	174,800			174,800			
1421	Various Capital Improvements	807,500			807,500			6,050
1431	DPW Garage Site Improvements		\$ 228,000		228,000		157,589	70,411
1432	Phase III Storm Sewer System Improvements		218,500		218,500		213,370	5,130
1434	Various Capital Improvements		414,284		414,284		143,334	270,950
1436	Roosevelt Ave Flood Project		114,000		114,000		290	113,710
1438	Twin Boro Field Remediation	-	1,140,000	-	1,140,000	-	1,074,682	65,318
		<u>\$ 2,800,148</u>	<u>\$ 2,114,784</u>	<u>\$ 10,085</u>	<u>\$ 4,904,847</u>	<u>\$ 2,092,105</u>	<u>\$ 1,633,843</u>	<u>\$ 1,178,899</u>
	Notes Principal			\$ 7,895				
	Deferred Charges - Unfunded			<u>2,190</u>				
				<u>\$ 10,085</u>				
	Bond Anticipation Notes					\$ 2,100,000		
	Less: Excess Note Proceeds Ord. No. 1323					<u>7,895</u>		
						<u>\$ 2,092,105</u>		
	Improvement Authorizations - Unfunded							\$ 1,856,044
	Less: Unexpended Proceeds on Bond Anticipation Notes Issued							
	Ord. No. 1323						\$ 142,105	
	Ord. No. 1393						214,101	
	Ord. No. 1409						940	
	Ord. No. 1416						174,800	
	Ord. No. 1421						<u>145,199</u>	
								<u>677,145</u>
								<u>\$ 1,178,899</u>



**BOROUGH OF DUMONT  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2010</u>	Balance, December 31, <u>2011</u>
<b>Community Development</b>		
Ord No. 1354 Improvements to Memorial Park & C. Deangeles Park	\$ 123,762	\$ 123,762
<b>Bergen County Open Space</b>		
Ord. No. 1380 Improvements to Veterans Memorial Park	12,263	12,263
Ord. No. 1416 Improvements to Veterans Memorial Park and Other Fields	<u>157,150</u>	<u>157,150</u>
	<u>\$ 293,175</u>	<u>\$ 293,175</u>

EXHIBIT C-7

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN RECEIVABLE**

Balance, December 31, 2010	<u>\$ 3,815,000</u>
Balance, December 31, 2011	<u>\$ 3,815,000</u>

**BOROUGH OF DUMONT  
STATEMENT OF DUE FROM/TO CURRENT FUND**

Balance, December 31, 2010 (Due To)		\$ 1,337
Increased by:		
Interest on Investments and Deposits	\$ 1,036	
Anticipated as Revenue in Current Fund		
General Capital Surplus	25,000	
Reserve for Debt Payment	21,718	
Receipts from Current Fund	<u>1,353,055</u>	
		<u>1,400,809</u>
		1,402,146
Decreased by:		
General Capital Receipts Deposited in Current Fund		
Premium on Bond Anticipation Note	714	
Budget Appropriation - Current Fund		
Note Principal	7,895	
Cancelled Receivables	52,488	
Deferred Charges - Unfunded	2,190	
Capital Improvement Fund	110,216	
Payments to Current Fund	<u>1,237,837</u>	
		<u>1,411,340</u>
Balance, December 31, 2011 (Due From)		<u>\$ 9,194</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION -  
CANCELLED RECEIVABLES**

Balance, December 31, 2010	\$ 185,747
Decreased by:	
2011 Budget Appropriation	<u>52,488</u>
Balance, December 31, 2011	<u>\$ 133,259</u>

**BOROUGH OF DUMONT  
STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2010	\$ 21,718
Decreased by:	
Anticipated as Revenue-Current Fund	<u>21,718</u>
Balance, December 31, 2011	<u>\$ -</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
			Date	Amount					
General Improvements	6/1/1999	\$ 2,973,000	2/15/2012	\$ 360,000	5.05%	\$ 1,103,000		\$ 340,000	\$ 763,000
			2/15/2013	403,000					
General Improvements	5/1/2003	3,250,000	5/1/2012	180,000	3.25-3.55%				
			5/1/2013	160,000					
			5/1/2014	580,000					
			5/1/2015	600,000					
			5/1/2016	610,000					
General Improvements	7/15/2010	8,530,000	7/15/12-13	100,000	1.50%				
			7/15/14-16	100,000					
			7/15/2017	750,000					
			7/15/2018	775,000					
			7/15/2019	800,000					
			7/15/2020	825,000					
			7/15/2021	840,000					
			7/15/2022	880,000					
			7/15/2023	890,000					
			7/15/2024	1,075,000					
			7/15/2025	1,095,000					
						8,530,000	-	100,000	8,430,000
						\$ 11,938,000	\$ -	\$ 615,000	\$ 11,323,000

**BOROUGH OF DUMONT**  
**SCHEDULE OF PENSION OBLIGATION LOAN PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Leases Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2010</u>	<u>Decreased</u>	<u>Balance, December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Refund of Unfunded Pension Obligation	3/1/2003	\$ 958,000	3/1/2012	\$ 28,000	5.25%			
			3/1/2013	34,000	5.25%			
			3/1/2014	41,000	4.70%			
			3/1/2015	48,000	4.75%			
			3/1/2016	56,000	4.80%			
			3/1/2017	64,000	4.85%			
			3/1/2018	73,000	4.90%			
			3/1/2019	83,000	5.35%			
			3/1/2020	95,000	5.35%			
			3/1/2021	107,000	5.35%			
			3/1/2022	120,000	5.35%			
			3/1/2023	135,000	5.35%			
						\$ 907,000	\$ 23,000	\$ 884,000
						\$ 907,000	\$ 23,000	\$ 884,000

**BOROUGH OF DUMONT  
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
1323	Reconstruction of Pershing	8/2/2007	7/6/2010 7/1/2011	7/5/2011 6/29/2012	1.53% 1.50%	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
1393	Various General Improvements	12/22/2009	7/6/2010 7/1/2011	7/5/2011 6/29/2012	1.53% 1.50%	760,000	760,000	760,000	760,000
1409	Library and Senior Center Handicap	7/1/2011	7/1/2011	6/29/2012	1.50%		213,750		213,750
1416	Park Improvements	7/1/2011	7/1/2011	6/29/2012	1.50%		174,800		174,800
1421	Various Capital Improvements	7/1/2011	7/1/2011	6/29/2012	1.50%	-	801,450	-	801,450
						<u>\$ 910,000</u>	<u>\$ 2,100,000</u>	<u>\$ 910,000</u>	<u>\$ 2,100,000</u>
					Renewals		\$ 910,000	\$ 910,000	
					Notes Issued		1,190,000	-	
							<u>\$ 2,100,000</u>	<u>\$ 910,000</u>	

**BOROUGH OF DUMONT**  
**STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	2011 Authorizations				Capital Impvt. Fund	Deferred Charges to Future Taxation Unfunded	Expended	Contracts Payable Cancelled	Balance, December 31, 2011	
		Balance, December 31, 2010		Funded	Unfunded					Funded	Unfunded
		Funded	Unfunded								
1275	Unfunded Pension Liability		\$ 17,000					\$		\$ 17,000	
1292/1315	Repaving of Roads	\$ 8,365						\$ 1,617		6,748	
1299/1320	Various Improvements and Acquisitions	983						(3,167)		4,150	
1321	Acquisition of Street Sweeper	14,825						1,135		13,690	
1323	Reconstruction of Pershing Ave	18,670	150,000					1,135		25,430	
1344/1375/	Various Storm Sewer										
1407	Improvements	3,431,458	676,000					3,477,128		630,330	
1349	2007 Road Program	104,305						2,269		102,036	
1353	Acquisition of a Fire Truck	12,528						1,135		11,393	
1363	Resurfacing of Howard Street	146,144						438		145,706	
1364	Various Improvements	4,085						2,215		1,870	
1380	Park Improvements	321,745						67,512		254,233	
1393	Various General Improvements		214,601					500			
1400	Reconstruction of Short Street	84,465						51,211		33,254	
1401	Reconstruction of Bussell Court	16,735							\$ 59,058	75,793	
1409	Library and Sr. Ctr. Handicap Access		198,315					197,375		940	
1416	Impvts. To Veteran's Memorial Park and Other Parks and Fields	25,223	174,800						135,918	161,141	
1421	Various Capital Improvements		193,643					42,394		174,800	
1431	DPW Garage Site Improvements			\$ 12,000	\$ 228,000			169,589		151,249	
1432	Phase III Storm Sewer Improvements			11,500	218,500			224,870		70,411	
1434	Various Capital Improvements			20,716	414,284			164,050		5,130	
1436	Roosevelt Ave Flood Project			6,000	114,000			6,290		270,950	
1438	Twin Boro Field Remediation			60,000	1,140,000			1,134,682		113,710	
										65,318	
		\$ 4,189,531	\$ 1,624,359	\$ 110,216	\$ 2,114,784			\$ 5,542,378	\$ 194,976	\$ 1,856,044	
										\$ 835,444	

Cash Disbursed \$ 747,887  
 Contracts Payable 4,794,491

\$ 5,542,378

**BOROUGH OF DUMONT  
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2010		\$ 1,506,734
Increased by:		
Charges to Improvement Authorization		<u>4,794,491</u>
		6,301,225
Decreased by:		
Payments	\$ 1,311,758	
Cancellations	<u>194,976</u>	
		<u>1,506,734</u>
Balance, December 31, 2011		<u><u>\$ 4,794,491</u></u>

**STATEMENT OF GREEN TRUST FUND LOAN PAYABLE**

Balance, December 31, 2010		\$ 186,351
Decreased by:		
2011 Budget Appropriation		<u>12,302</u>
		.
Balance, December 31, 2011		<u><u>\$ 174,049</u></u>



**BOROUGH OF DUMONT  
STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE  
TRUST LOAN PAYABLE**

Balance, December 31, 2010	\$ 6,796,475
Decreased by:	
2011 Budget Appropriation	<u>286,781</u>
Balance, December 31, 2011	<u>\$ 6,509,694</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Increased by:	
Current Fund Budget Appropriation	\$ 110,216
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>110,216</u>
Balance, December 31, 2011	<u>\$ -</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance, December 31, 2010	2011 Improvement Authorizations	2011 Budget Appropriation	Bond Anticipation Notes Issued	Balance, December 31, 2011
1192	Rehab and Replace Boiler	\$ 500		\$ 500		
1250	Impvts of Various Parks and Acq. Of Equip	4,908				\$ 4,908
1260	Various Public Improvements	1,690		1,690		
1275	Refund Unfunded Pension Liab	17,000				17,000
1375	Sewer System Improvements	385,000				385,000
1407	Acq. Of Easements and Prop Relating to Storm Water	285,000				285,000
1409	Library and Senior Center Handicap Access	213,750			\$ 213,750	
1416	Impvts to Veteran's Memorial Park and Parks and Other Fields	174,800			174,800	
1421	Various Capital Improvements	807,500			801,450	6,050
1431	DPW Garage Site Improvements		\$ 228,000			228,000
1432	Phase III Storm Sewer Improvements		218,500			218,500
1434	Various Capital Improvements		414,284			414,284
1436	Roosevelt Ave Flood Project		114,000			114,000
1438	Twin Boro Field Remediation	-	1,140,000	-	-	1,140,000
		<u>\$ 1,890,148</u>	<u>\$ 2,114,784</u>	<u>\$ 2,190</u>	<u>\$ 1,190,000</u>	<u>\$ 2,812,742</u>

**PUBLIC ASSISTANCE FUND**



**BOROUGH OF DUMONT  
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

Balance, December 31, 2010		\$ 7,731
Increased by:		
Donations	\$ 3,145	
Interest	<u>12</u>	
		<u>3,157</u>
		10,888
Decreased by:		
Non-Reimbursable Expenditures	1,368	
Payments to Current Fund	<u>12</u>	
		<u>1,380</u>
Balance, December 31, 2011		<u><u>\$ 9,508</u></u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

Balance, December 31, 2010		\$ 7,730
Increased by:		
Revenues		<u>3,145</u>
		10,875
Decreased by:		
Expenditures		<u>1,368</u>
Balance, December 31, 2011		<u><u>\$ 9,507</u></u>

**BOROUGH OF DUMONT  
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

Revenues	
Donations	\$ 3,145
Receipts	
Interest Income	<u>12</u>
Total Revenues/Receipts	<u>\$ 3,157</u>

EXHIBIT D-4

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

Expenditures:	
Current Year Assistance	
Non-Reimbursable Expenditures	\$ 1,368
Disbursements:	
Payments to Current Fund	<u>12</u>
Total Expenditures/Disbursements	<u>\$ 1,380</u>

EXHIBIT D-5

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2010	\$ 1
Increased by:	
Interest Income	<u>12</u>
	13
Decreased by:	
Payments to Current Fund	<u>12</u>
Balance, December 31, 2011	<u>\$ 1</u>

**BOROUGH OF DUMONT  
BERGEN COUNTY, NEW JERSEY**

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**PART II  
GOVERNMENT AUDITING STANDARDS  
YEAR ENDED DECEMBER 31, 2011**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members  
of the Borough Council  
Borough of Dumont  
Dumont, New Jersey

We have audited the financial statements – regulatory basis of the Borough of Dumont as of and for the year ended December 31, 2011, and have issued our report thereon dated July 13, 2012 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements was qualified because of the presentation of the unaudited LOSAP Trust Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Borough of Dumont is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Dumont's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and responses as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


### **Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the Borough of Dumont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and responses costs as item 2011-1.

We also noted certain matters that we reported to management of the Borough of Dumont in Part III of this report of audit entitled "Letter of Comments and Recommendations".

The Borough of Dumont's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Borough's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, the governing body, others within the Borough New Jersey Department of Community Affairs and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
July 13, 2012

SCHEDULE A

**BOROUGH OF DUMONT  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Grant Award</u>	<u>Balance, January 1, 2011</u>	<u>Revenue</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2011</u>	<u>Cumulative Expenditures</u>
Community Development Block Grant: Improvements to Veteran's Plaza	14.218		\$ 91,200	\$ (9,805)			\$ 9,568	\$ (237)	\$ 38,273
Office of Justice Programs Body Armor	*			1,467				1,467	*
Division of Highway Safety Obey the Sign or Pay the Fine	20.600		4,000	4,000		\$ 4,000			4,000
Department of Environmental Protection Green Communities Grant (Consolidated Forest Management)	10.664		3,000	3,000				3,000	*
Department of Homeland Security Federal Emergency Management Agency Federal Emergency Management Agency	97.036 97.036	\$ 67,924	65,864	<u>10,864</u>	\$ 67,924	<u>67,924</u> <u>3,763</u>	<u>-</u>	<u>7,101</u>	67,924 58,763
				<u>\$ 9,526</u>	<u>\$ 67,924</u>	<u>\$ 75,687</u>	<u>\$ 9,568</u>	<u>\$ 11,331</u>	

This schedule is not subject to a single audit in accordance with OMB Circular A-133.

\* Not Available

**BOROUGH OF DUMONT**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2011</u>	<u>Revenue</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2011</u>	<u>Cumulative Expenditures</u>
Division of Criminal Justice									
Body Armor	1020-718-066-1020-001-YCJS-6120	2011	\$ 3,397	\$	\$ 3,397			\$ 3,397	*
Body Armor	1020-718-066-1020-001-YCJS-6120	2010		\$ 4,560				4,560	*
Body Armor	1020-718-066-1020-001-YCJS-6120	2008		3,204				3,204	*
Body Armor	1020-718-066-1020-001-YCJS-6120	2007		627				627	\$ 5,382
Department of Law and Public Safety									
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	2009		1,935				1,935	*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	2008		686				686	1,978
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	2008		2,294				2,294	*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	2007		1,993	\$ 1,793			200	14,723
NJOEM SLAHEOP Grant	1110-448-031020-22	2004		1,531				1,531	*
Department of Environmental Protection									
Clean Communities Program	4900-765-178910-60	2011	24,068		24,068			24,068	*
Clean Communities Program	4900-765-178910-60	2010		25,422		3,809	\$ 20	21,633	*
Clean Communities Program	4900-765-178910-60	2009		6,911				6,911	17,543
Clean Communities Program	4900-765-178910-60	2008		10,191		10,191		-	19,041
State Recycling Fund	**	2011	15,465		15,465			15,465	*
State Recycling Fund	**	2009		17,715				17,715	*
State Recycling Fund	**	2008		7,588				7,588	*
State Recycling Fund	**	2006		7,331				7,331	*
State Recycling Fund	**	2007		6,931				6,931	*
Stormwater Management Grant	**	2008		2,247				2,247	*
Stormwater Management Grant	**	2007		3,007				3,007	*
Stormwater Management Grant	**	2005		8,767				8,767	*
Administrative Offices of the Courts									
Alcohol Education and Rehabilitation	9735-760-060000-60	2007		395				395	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2006		205				205	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2005		250				250	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2002		434				434	*
Alcohol Education and Rehabilitation	9735-760-060000-60	1998		746				746	*
Alcohol Education and Rehabilitation	9735-760-060000-60	1995		879	350			529	350
Domestic Violence Training	**	2008		500				500	*
Domestic Violence Training	**	2007		3,500				3,500	*
Domestic Violence Training	**	2005		2,605				2,605	*
Total State Financial Assistance				122,454	42,930	16,143	20	149,261	

BOROUGH OF DUMONT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2011</u>	<u>Revenue</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2011</u>	<u>Cumulative Expenditures</u>
<u>Other Financial Assistance</u>									
Bergen County Utilities Authority	**	2007		\$ 5,509	-	-	-	\$ 5,509	*
Municipal Recycling Assistance Program									
Total Other Financial Assistance				5,509	-	-	-	5,509	
Total State and Other Financial Assistance				\$ 127,963	\$ 42,930	\$ 16,143	\$ 20	\$ 154,770	

\*\* Not Available

This schedule is not subject to a state single audit in accordance with Circular 04-04.

**BOROUGH OF DUMONT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2011**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Dumont. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the regulatory basis of accounting as prescribed or permitted for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Borough's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 67,924	\$ 42,930	\$ 110,854
Total Financial Awards	<u>\$ 67,924</u>	<u>\$ 42,930</u>	<u>\$ 110,854</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF DUMONT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2011**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2011, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

Loan Program

Green Acres Trust Fund	
Multi Park Improvements	\$ 174,049
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	1,490,000
Fund Loan - 2007	1,341,480
Trust Loan - 2010	930,000
Fund Loan - 2010	<u>2,748,214</u>
	<u>\$ 6,683,743</u>

**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

*Part I – Summary of Auditor's Results*

**Financial Statements**

Type of auditors' report issued on financial statements Qualified, Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified	<u>          </u> yes	<u>  X  </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	<u>  X  </u> yes	<u>          </u> none
Noncompliance material to the financial statements noted?	<u>  X  </u> yes	<u>          </u> no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE



**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

**Finding 2011-1** – Our audit noted that there were capital project contracts for the field remediation and various storm/sewer improvements totaling \$3,909,997 which were not encumbered nor reported in the Borough's year end financial statements.

**Criteria** - N.J.A.C. 5:30-5.4 Encumbrance Accounting  
Local Public Contracts Law

**Condition** – The Borough's general capital improvement authorization subsidiary ledger does not include authorized and approved contracts of \$3,909,997.

**Cause** – Contracts were not encumbered when said contracts were awarded by the governing body.

**Effect** – Improvement authorization balances may be overstated.

**Recommendation** – Procedures be implemented to ensure that all General Capital contracts, awarded by the Governing Body, are recorded in a timely manner.

**Response** – Management has reviewed this finding and has indicated it will review and revise its procedures to ensure that corrective action is taken.

**BOROUGH OF DUMONT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

**FINDING 2010-1**

**Condition** – The Borough’s general capital improvement authorization subsidiary ledger does not include authorized and approved contracts.

**Current Status** – Corrective action has not been taken.

**BOROUGH OF DUMONT**

**BERGEN COUNTY**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2011**



**BOROUGH OF DUMONT  
SUPPORTING DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
CURRENT FUND**

	<u>Year 2011</u>			<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>					
Fund Balance Utilized	\$ 816,000	1.42 %	\$	805,000	1.46 %
Miscellaneous - From Other Than Local					
Property Tax Levies	3,149,375	5.51		2,722,709	4.93
Collection of Delinquent Taxes					
and Tax Title Liens	575,450	1.00		572,735	1.04
Collection of Current Tax Levy	52,438,395	91.53		50,908,783	92.23
Other Credits	<u>309,770</u>	<u>0.54</u>		<u>188,208</u>	<u>0.34</u>
Total Income	<u>57,288,990</u>	<u>100.00 %</u>		<u>55,197,435</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>					
Municipal Budget	19,160,709	33.90 %		17,953,123	33.05 %
County Taxes	4,428,025	7.83		4,441,522	8.18
Local District School Taxes	32,926,525	58.24		31,899,943	58.72
Other Expenditures	<u>17,840</u>	<u>0.03</u>		<u>27,927</u>	<u>0.05</u>
Total Expenditures	<u>56,533,099</u>	<u>100.00 %</u>		<u>54,322,515</u>	<u>100.00 %</u>
Less: Expenditures to be Raised by Future Revenue	<u>353,688</u>			<u>-</u>	
Total Adjusted Expenditures	<u>56,179,411</u>			<u>54,322,515</u>	
Excess in Revenue	1,109,579			874,920	
Fund Balance, January 1	<u>1,322,591</u>			<u>1,252,671</u>	
	2,432,170			2,127,591	
Less Utilization as Anticipated Revenue	<u>816,000</u>			<u>805,000</u>	
Fund Balance, December 31	<u>\$ 1,616,170</u>			<u>\$ 1,322,591</u>	

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	\$2.541	\$2.463	\$2.385

Apportionment of Tax Rate

Municipal	.719	.724	.692
County	.213	.213	.218
Local School	1.575	1.526	1.475
Library	.034		

Assessed Valuation

2011	\$2,090,990,103	
2010		\$2,091,056,705
2009		\$2,086,291,572

**Comparison Of Tax Levies And Collection Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 53,153,045	\$ 52,438,395	98.66%
2010	51,588,577	50,908,783	98.68%
2009	49,817,451	49,193,855	98.75%

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**Delinquent Taxes And Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Lien</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2011	\$ 528,428	\$ 3,663	\$ 532,091	1.00%
2010	575,458	3,022	578,480	1.12%
2009	572,736	2,401	575,137	1.13%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2011 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2011	\$79,526
2010	79,526
2009	79,526

**Comparative Schedule Of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2011	\$1,616,170	\$1,314,000
	2010	1,322,591	816,000
	2009	1,252,671	805,000

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Matthew McHale	Mayor		
Kenneth Freeman	Councilman		
Marty Caspare	Councilman		
Matthew M. Carrick	Councilman		
Harry Stylianov	Councilman		
Carl Manna	Councilman		
Ellen Zamechansky	Councilwoman		
John Perkins	Administrator		
Susan Connelly	Borough Clerk		
Gregg Paster	Attorney		
T & M Engineering	Engineers		
Barbara Kozay	Tax Collector		
Donald Holdsworth	Magistrate		
Beryl Horbert	Court Administrator		
Glenda Hickey	Deputy Ct. Administrator		
James Anzevino	Tax Assessor		
Rosemarie Giotis	Chief Financial Officer		

The Bergen County Municipal Joint Insurance Fund and Hartford Fire Insurance Company provide a blanket position bond in the amount of \$1,000,000.



## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Prior Year Unresolved**

Our audit of the Other Trust Fund revealed that escrow monies are not always refunded upon completion of project. It is recommended that the Borough review its procedures relating to developers escrow to ensure that the procedures comply with New Jersey Statutes.

Certain municipal departments ordered goods or materials prior to the issuance of a purchase order. It is recommended that the encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.

Our audit of the Borough's Current Fund noted that there are numerous appropriated grants which have not been expended. It is recommended that the Borough review the balances of the appropriated grant reserves and action be taken to expend or clear them of record.

Our audit of the Other Trust Fund's police outside services revealed that deposits are not always made within a timely manner. It is recommended that all monies collected for police outside services be deposited within forty-eight hours of receipt.

Our audit noted that the Borough's fixed asset accounting records were not in agreement with the total assets purchased during 2011. An audit adjustment was made to record additions of \$932,349. It is recommended that the Borough's fixed asset accounting records be updated in a timely manner and be integrated with the Borough's financial accounting software.

Our audit of the Construction Code and Police Departments revealed that monies were not always turned over to Treasurer within forty-eight hours of receipt. It is recommended that all fees collected by the Construction Code Department and the Police Department be deposited within forty-eight hours of receipt.

#### **Current Year**

Our audit of payroll revealed that the time cards and the weekly timesheet summary for crossing guards did not contain the approval signature of the department head or other designated supervisory employee. It is recommended that the weekly timesheet summary for crossing guards be approved and signed by the department head or other designated supervisory employee.

Our audit of Recreation revealed that deposit slips did not always contain a listing of the individual receipts that comprise the deposit. It is recommended that a detailed listing of the individuals included in the respective Recreation Department deposit slips be available for audit.

Our audit noted that certain grant receivables remain uncollected in the General Capital Fund. It is recommended that all grant receivables be reviewed and action taken to collect or clear of record.

## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Current Year (continued)**

Our audit noted two purchase orders in the General Capital Fund totaling \$108,450 which have remained open from 2009. It is recommended that prior year open purchase orders be reviewed for validity.

Our audit of improvement authorization balances in the General Capital Fund revealed that certain balances were not in agreement with the audited balances. It is recommended that improvement authorization balances be reviewed and adjustments made as necessary to bring balances in agreement with audited balances.

#### **Contracts and Contracts Required To Be Advertised For NJS 40A:11-4**

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000 except by contract or agreement.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "professional services" per N.J.S. 40A:11-5.

The minutes indicate that bids were requested by public advertising for the following items:

Lease Assignment and Easement of Monopole  
Force Main Replacement and Pump Station  
Upgrades

Field Remediation  
Phase II Drainage Project  
Phase II Flood Control

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures revealed instances where the accumulation of expenditures exceeded the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Collection Of Interest On Delinquent Taxes And Assessments**

The statute provides the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 4, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**WHEREAS**, N.J.S.A. 54:4-67 authorizes the Borough to fix a rate of interest to be charged for delinquent taxes; and

**WHEREAS**, N.J.S.A. 54:4-67, as amended by Section 29 of P.L. 1991, c. 75, authorizes the Borough to fix a penalty of 6% to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year.

**WHEREAS**, the Council has decided to charge the maximum interest and penalty allowed by law on delinquent taxes.

**RESOLVED**, by the Council of the Borough of Dumont, as follows:

1. For the year 2011 the rate of interest for delinquent taxes and Borough charges shall be 8% per annum for the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 except that, for any quarter if the taxes are paid during the first ten (10) days following February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup> there shall be no interest. If the office of the Tax Collector is closed on the 10<sup>th</sup> day of February, May, August or November this shall be extended to include the first business day thereafter.

2. For the year 2011 any taxpayer with a tax delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year shall be charged a penalty of 6% of the amount of the delinquency.

3. The Tax Collector is hereby authorized to cancel any overpayment of taxes or tax delinquency which is less than \$10.00.

#### **Delinquent Taxes And Tax Title Liens**

A tax sale was held on March 31, 2011.

Tax title liens receivable outstanding on December 31 of the last three years were insignificant.

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**RECOMMENDATIONS**

It is recommended that:


- \* 1. The Borough review its procedures relating to developers escrow to ensure that the procedures comply with New Jersey Statutes.
- \* 2. The encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.
- \* 3. Procedures be implemented to ensure that all General Capital contracts, awarded by the Governing Body, are recorded in a timely manner.
- \* 4. The Borough review the balances of appropriated grant reserves and action be taken to expend or clear them of record.
- \* 5. All monies collected by the Borough, including those collected by municipal departments, be deposited in a timely manner.
- \* 6. The Borough's fixed asset accounting records be updated in a timely manner and integrated with the Borough's financial accounting software.
- 7. The weekly timesheet summary for crossing guards be approved and signed by the department head or other designated supervisory employee.
- 8. A detailed listing of individuals included in the respective Recreation Department deposit slips be available for audit.
- 9. All grant receivables be reviewed and action taken to collect or clear of record.
- 10. Prior year open purchase orders be reviewed for validity.
- 11. Improvement authorization balances be reviewed and adjustments made as necessary to bring balances in agreement with audited balances.


Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except for those recommendations denoted with an asterisk (\*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

  
LERCH, VINCI & HIGGINS, LLP  
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Registered Municipal Accountants

  
Gary J. Vinci  
Certified Public Accountant  
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